



***Office of Thrift Supervision
Financial Reporting Division***

June 2003

Financial Reporting Bulletin

It is important that you read this bulletin and the attached materials before submitting your Thrift Financial Report.

**TFR Deadline (Including SB) — Wednesday, July 30
HC and CMR Deadline — Thursday, August 14
BOS Deadline — Monday, August 25**

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Questions and Answers

The Financial Reporting Division of the Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Patrick G. Berbakos, Director, National Systems, Information Systems, Administration & Finance, Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552 or by e-mail to berbakos@ots.treas.gov.

SECOND QUARTER DEADLINES

You should complete and transmit your June 2003 TFR, including Schedule SB, as soon as possible after the close of the quarter. All schedules except HC and CMR are due no later than Wednesday, July 30, 2003. Schedules HC and CMR are due no later than Thursday, August 14, 2003.

Savings institutions that are exempt from filing Schedule CMR but choose to voluntarily file **must** follow the same filing deadlines as those institutions that are required to file. **OTS will not be able to provide interest rate risk reports to institutions that fail to meet the filing deadline.** We advise all voluntary filers to contact Doris Jackson (972-277-9618 or doris.jackson@ots.treas.gov) two days after transmitting their CMR to confirm that we received your CMR filing.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas. You can find the current list of FRD contacts on the back page of this bulletin. You may email reporting questions to tfr.instructions@ots.treas.gov. Please include your name, institution name and docket number, and your phone number in all email correspondence. If you have a problem with the electronic filing software or transmission, call Cheyann Houts at 972-277-9617 or Doris Jackson at 972-277-9618. If you have any questions about your Interest Rate Risk report, you may contact Scott Ciardi at 202-906-6960 or scott.ciardi@ots.treas.gov.

BRANCH OFFICE SURVEY (BOS)

The Branch Office Survey (BOS) is an annual survey of branch deposit information reported as of June 30. You must file your completed 2003 BOS electronically to OTS using the Electronic Filing System (EFS) software no later than Monday, August 25, 2003.

To ensure that you have the most current data, you should download and import your previous year's branch office listing from the OTS database using the instructions below. Newly formed institutions and those institutions that did not report BOS to OTS last year will not be able to download data and must manually enter all branch office data.

Please keep the following in mind while completing your report:

- **Trust-Only entities need not file a BOS report.**
- You will **not** be able to transmit your BOS data with any edit check failures.
- You must transmit your June 2003 TFR report **prior to** transmitting your 2003 BOS report.

Download/Import Prior BOS Information

- Select the June 2003 reporting cycle.
- Click on "Transmit."
- Select [x] Download Financial Data.
- Select [x] BOS.
- Click on the telephone-mailbox icon to "Transmit Now" and connect to the OTS.
- After BOS is successfully downloaded, the import screen will automatically appear. Click on the report name and click on "Import" to import your 2002 branch office listing into your 2003 BOS report.

Update 2003 BOS Financial Data

- Select "Reports," and click on the "BOS" tab.
- To update, click on the sequence number of each branch office. Type the correct change code that applies to the selected branch office.
 - U – Update Deposits
 - N – New Branch Office
 - H – New Home Office
 - R – Redesignate Branch Home Office
 - C – Close Branch or Home Office
 - L – Relocate Branch or Home Office
 - S – Short Distance Relocation
 - T – Correct Typographical Error from Previous Year
- **If you are a new institution or have not reported BOS to OTS before, code your home office as "H" and all of your branches as "N".**
- Enter updates and click the diskette icon to "Save" your updated data.
- Click the red check mark icon to perform an edit check. Correct all BOS failed edits. You will not be able to transmit the Branch Office Survey with any edit check failures.
- Print the BOS report and have it signed by the appropriate official(s).
- Exit to the EFS main menu and select to "Transmit" your BOS report.

SOFTWARE CORNER

The Electronic Filing System (EFS) Version 4.5 software CD will be mailed to you by the end of June. ***You should install this CD and connect to the OTS to Receive Acknowledgments and Notices as soon as you receive it to ensure you will have no major connection issues as the July 30th filing deadline approaches.***

If you do not receive your CD by July 15, contact Doris Jackson at doris.jackson@ots.treas.gov, or at 972-277-9618.

EFS Version 4.5 contains the 2003 BOS report. You must prepare and transmit this annual report using the EFS filing software. Be sure you have first transmitted your June 2003 TFR report before you transmit the BOS report.

JUNE 2003 TFR INSTRUCTION MANUAL UPDATES

Attached to this bulletin are 30 updated pages to the TFR Instruction Manual. The updated pages are dated June 2003. We have identified all changes by a bar in the right margin. The changes are as follows:

Schedule SC – Page 215 – Nonmortgage Loans – Made two editorial corrections.

Schedule SC – Page 255 – SC655, Interest-only Strip Receivables and Certain Other Instruments – Deleted a reference to pre-FASB Statement No. 133 reporting and clarified that

amounts reported on SC655, Interest-Only Strip Receivables, must be reported as either trading assets or available-for-sale securities pursuant to FASB Statement No. 115.

Schedule SO – Page 318 – SO811, Extraordinary Items – Added the inclusion in Extraordinary Items of negative goodwill recognized in earnings at the date of combination.

Schedule PD – Page 501 – Clarified that past due loans held for sale must be included in Schedule PD. Deleted an obsolete reference to loans covered by the FSLIC Resolution Fund, the RTC, or the FDIC.

Schedule PD – Page 502 – In the example added a column for months overdue.

Schedule SI – Page 902 – SI210, IRA and Keogh Accounts – Corrected the definition to include only retirement accounts, not accounts designed predominantly for uses other than retirement.

Schedule SI – Page 906 – Oakar Deposits – Clarified that once you acquire Oakar deposits, you should complete the Oakar section in any quarter that you purchase or sell deposits, regardless of whether the deposits purchased or sold are SAIF-insured or BIF-insured.

Schedule SI – Page 907 – SI375, Assets Held in Trading Accounts and SI385, Available-for-Sale Securities – Clarified that amounts reported on SC655, Interest-Only Strip Receivables, must be reported as either trading assets or available-for-sale securities pursuant to FASB Statement No. 115.

Schedule FS – Page 1202 – FS130 – Corrected the instructions to read that you should **not** include your land trust or document custodian activities in Schedule FS.

Schedule FS – Page 1206 – FS280 and FS281, Custody and Safekeeping Accounts – Corrected the instructions to read that you should not include accounts created under loan servicing agreements or accounts for which you provide services to land trusts.

Schedule CCR – Page 1504 – CCR115, Goodwill and Other Intangible Assets – Replaced “goodwill” with core deposit premiums in the discussion of deducting deferred tax liabilities resulting from nontaxable purchase business combinations.

Schedule CMR – Pages 1607, 1608, and 1609 – Definition of Terms – Clarified that combination construction-permanent loans are included with permanent mortgages only when the permanent financing interest rate has already been set. Combination construction-permanent loans where the permanent financing interest rate has not been set are reported with construction loans.

Schedule CMR – Page 1614 – Adjustable-rate, Single-family, First Mortgage Loans and Mortgage-backed Securities – Clarified that ARMs with a reset frequency greater than five years are reported with fixed-rate balloon mortgages.

Schedule CMR – Page 1650 – Fixed-rate, Fixed-maturity FHLB Advances, Other Borrowings, Redeemable Preferred Stock, and Subordinated Debt – added the coupon classes as changed on the TFR form for March 2003.

Schedule CMR – Page 1655 – CMR793, Minority Interest in Consolidated Subsidiaries – Clarified that REIT preferred stock reported on Schedule SC with Other Borrowings on SC760 is included with Minority Interest in Schedule CMR.

Schedule CMR – Page 1656 – Financial Derivatives and Off-Balance-Sheet Positions – Deleted obsolete wording referring to pre-FASB Statement No. 133 reporting.

Questions & Answers

We post TFR Questions and Answers on the OTS web site at www.ots.treas.gov/tfrqanda.html. If you have a question that you would like posted, please submit it to tfr.instructions@ots.treas.gov.

Q&A No. 205

SUBJECT: MORTGAGES WITH ADDITIONAL COLLATERAL

LINE(S): SC260

DATE: June 6, 2003

Question: *How would you report (on schedule SC) a loan secured by a nonresidential (doctor's office) property, when the LTV is 105% with real estate only and a securities account is taken as additional collateral?*

The instructions for the category say to only report loans fully secured by real estate in the mortgage category. The loan is supported by an appraisal.

Answer: We consider a 105% LTV mortgage loan with sufficient additional collateral to bring it to a 100% LTV to be "fully secured." Therefore, you may report the entire loan as a mortgage loan.

Q&A No. 206

SUBJECT: FORECLOSED PROPERTY DURING REDEMPTION PERIOD

LINE(S): SC415

DATE: June 6, 2003

Question: *After the court has issued a foreclosure judgment, the borrower has a certain time period in which they can reinstate the loan and pay it off. During this redemption period, the borrower can live in the property.*

Is the property is considered a "repossessed asset" for TFR reporting at the point in time when (1) the foreclosure judgment is made (even though the borrower can still redeem the loan), (2) after the sheriff's sale (even though in some states the redemption period continues), or (3) after the redemption period has expired and the bank has marketable title.

Answer: You may consider the transfer from loan to repossessed property to occur at the time the judgment is made.

At the time the judgment is made, the bank has control of the property. The borrower's interest in the property is contingent on their reinstating the loan. An exception would be made if it appears likely that the borrower will reinstate the loan. However, if that were the case, the bank would probably not have foreclosed on it.

Q&A No. 207**SUBJECT: RETAIL REPURCHASE AGREEMENTS****LINE(S): SC710****DATE: June 6, 2003**

Question: *I would like to get your input on the classification of retail repurchase agreements on Schedule SC. The OTS examiners are currently reviewing our TFR. Based on Q&A no. 177, they indicate that the repos should be reported on SC710, Deposits, if the sweep occurs after close of business, or reported on SC730 if the sweep occurs before close of business. In our situation, it appears that the sweep occurs after close of business and therefore, should be reported in deposits on SC710.*

*However, the sweep account agreements clearly state that the funds are **not FDIC insured**. Where should the retail repurchase agreements be reported? If they were included in SC710, the repos would be included in our FDIC assessment base.*

Answer: The instructions for Schedule SC710 state that SC710 must include ALL deposits (as further described in the instructions). The matter of insurance coverage is a separate issue that does not impact whether or not deposits are subject to assessment or included in your assessment base. Insurance coverage is not necessarily dependent upon an "agreement" with the customer; insurance coverage is determined by the Federal Deposit Insurance Act. Therefore, the sweep account retail repurchase agreements that you described should be reported on SC710, Deposits.

Q&A No. 208**SUBJECT: MORTGAGE LOAN COMMITMENTS****LINE(S): CC280 - CC300****DATE: June 6, 2003**

Question: *We hold mortgage loans in our pipeline for which we have a legally binding rate lock commitment, but the underlying loans have not yet been approved (i.e., they are in the process of being underwritten). We were required to report these commitments as outstanding commitments in a recent SEC filing because of the legally binding rate lock commitment. Should these commitments be reported on Schedule CC of the TFR as an outstanding commitment?*

Answer: Generally you would not need to report these commitments in CC280 through CC300 because the loans have not been approved.

Q&A No. 209**SUBJECT: BROKERED DEPOSITS****LINE(S): SI100-110****DATE: June 6, 2003**

Question: *Are deposits from the following two sources considered brokered deposits?*

Source 1: The deposit broker initiates the transaction between the bank and the customer; however, the actual transfer of the cash is direct from the customer to the bank. Are these Brokered Deposits?

Source 2. A Consolidated sub of the Bank is a Deposit Broker. This sub originated deposits for the Bank. Fee are paid to the Sub but eliminated through Consolidation. Are these Brokered Deposits?

Answer: Source 1 is a brokered deposit under 12 CFR 337.6. A deposit broker can facilitate the deposits; it doesn't matter if the customer transfers the cash directly to the thrift rather than the broker.

Source 2 may or may not be a brokered deposit. If the employees of the subsidiary are also employees of the thrift (as may be the case since the subsidiary is consolidated), then these are not brokered deposits. If however, the personnel are employees of the holding company or an affiliate, then the deposits would be brokered deposits.

Q&A No. 210**SUBJECT: QTL - LOT LOANS****LINE(S): SI581-583****DATE: June 6, 2003**

Question: *Is a loan that is used to develop and improve land (Lot Loans) includable as a mortgage loan for QTL purposes if the loan will, at a later time, be converted to a mortgage loan when an additional loan is provided to build a dwelling on the land for which the original lot loan was given.*

Answer: The Thrift Activities Handbook Section 270, Qualified Thrift Lender Status, states on page 270.3 that:

"Associations may include ADC loans in QTI without limit provided the association is reasonably certain the property will become domestic residential housing. Moreover, to count as QTI, an ADC loan must meet **at least one** of the following criteria:

- The loan is for property zoned exclusively for residential use.
- The loan is for property zoned to permit residential use and there are restrictions in the deed to the property that limit its use to primarily residential dwellings.
- The borrower will construct dwelling immediately on nearly all the residentially zoned property."

Q&A No. 211**SUBJECT: QTL – MARKETABLE EQUITY SECURITIES****LINE(S): SI581-583****DATE: June 6, 2003**

Question: *Are there any restrictions for counting marketable securities as liquid assets?*

Answer: You may consider any marketable security as a liquid asset for QTL purposes. A security is marketable if it may be sold with reasonable promptness at a price that corresponds reasonably to its fair value.

Q&A No. 212

SUBJECT: RISK WEIGHTING SUBPRIME LOANS**LINE(S): CCR460****DATE: June 6, 2003**

Question: *We were instructed by OTS to risk weight subprime loans at 75%, instead of 50%. Currently, there is no bucket for 75% risk weight on Schedule CCR of the TFR. How should I go about complying with this requirement?*

Answer: If you have been told to risk weight the loans at 75%, you should multiply the loans by 1.5 and put them in the 50% risk weight, providing the loans are otherwise qualifying single-family residential mortgage loans.

Q&A No. 213

SUBJECT: FEDERAL FARM CREDIT BANK BONDS (FFCB)**LINE(S): Schedule CCR****DATE: June 6, 2003**

Question: *We recently purchased Federal Farm Credit Bank Bonds (FFCB). Should we risk weight these bonds at 100%?*

Answer: You may risk weight Federal Farm Credit Bank Bonds at 20% because the Federal Farm Credit Bank is a government-sponsored enterprise.

Q&A No. 214

SUBJECT: CALLABLE MULTIFAMILY AND NONRESIDENTIAL MORTGAGE LOANS**LINE(S): CMR281****DATE: June 6, 2003**

Question: *The CMR instructions are clear for Single-Family first mortgage loans that are callable. They should be included in CMR096-CMR120 (Balloon Mortgages and MBS). How should multifamily and nonresidential mortgage loans that are callable be handled? Should they be reported on CMR 281 (Balloon Mortgage)?*

Answer: Yes, we concur that callable multifamily and nonresidential mortgage loans should be reported as balloon loans on CMR281.

NONMORTGAGE LOANS

Adjust the balances in this section for:

1. Specific valuation allowances.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of nonmortgage loans and contracts.
4. Applications of lower-of-cost-or-market accounting treatment to loans held for sale but not in a trading account.
5. Any undisbursed balances of closed-end loans, loans-in-process. Report the undisbursed amount on CC125.
6. The undisbursed portion of lines of credit. Report the undisbursed amount on CC410-420.
7. Unearned interest, such as add-on interest of loans issued at a discount.
8. Deposits accumulated for the payment of loans, hypothecated deposits.
9. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of Statement No. 133.
10. Accumulated gain or loss (change in fair value) on nonmortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

Do not adjust the balances in this section for: Allowance for loan and lease losses. Report these on SC357.

Include:

1. Unsecured loans.
2. Loans secured with tangible property other than real estate, except as noted below.

Do not include:

1. Investments in securities collateralized by nonmortgage loans. Report these securities on SC185, Other Investment Securities. **Note:** Although you report pass-through securities backed by nonmortgage loans **with** nonmortgage loans in Schedule CMR, in Schedule SC report securities backed by nonmortgage loans with Other Investment Securities on SC185.
2. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC783, Escrows, and nonrefundable fees on SC796, Other Liabilities and Deferred Income, as Code 04.

SC30: Total

The EFS software will compute this line as the sum of SC300 through SC348 less SC357.

Commercial Loans:

SC32: Total

The EFS software will compute this line as the sum of SC300 through SC306.

SC300: Secured, Other than Mortgage

Report all loans to corporations, partnerships, and individuals for business purposes and secured by tangible property and real estate where the loan cannot be classified as a mortgage or where you chose to classify it as a nonmortgage commercial loan.

Include:

1. Loans secured by commercial properties that do not qualify as mortgage loans.
2. Secured loans for farming operations.
3. Floor-planning, inventory and wholesale, loans to dealers for automobiles or mobile homes.
4. Retail auto loans if the autos are for commercial use.
5. Nonmortgage loans insured or guaranteed by state or municipal government authority or an agency of the federal government, including Farmers Home Administration, Agency for International Development, and the insured portion of unsecuritized Small Business Administration (SBA) loans.
6. Secured nonmortgage loans to unconsolidated subordinate organizations.
7. Outstanding balances of secured commercial lines of credit.
8. Loans secured by residential property to finance small businesses if the loans are not reported as mortgages.

Do not include:

1. Commercial financing leases. Report on SC306.
2. The uninsured portion of SBA loans. Report on SC303.

SC303: Unsecured

Report all unsecured loans to corporations, partnerships, and individuals for business purposes.

Include:

1. Unsecured construction loans to builders.
2. Unsecured loans for the improvement of multifamily and other commercial property.
3. The outstanding balance of unsecured commercial lines of credit, overdrafts on commercial demand deposits, and business credit cards.
4. Unsecured loans for farming operations.
5. All other unsecured loans made for commercial purposes.

Do not include:

1. Unsecured loans to unconsolidated subordinate organizations. Report on SC50, Investment in Unconsolidated Subordinate Organizations.

SC642: Mortgage Loans

Report servicing assets on mortgage loans only.

SC644: Nonmortgage Loans

Report servicing assets of loans other than mortgages, such as automobile and credit card loans.

SC655: Interest-only Strip Receivables and Certain Other Instruments

Report the amortized cost of certain nonsecurity financial instruments (CNFIs) accounted for under FASB Statement No. 140. CNFIs include interest-only strip receivables, loans receivable, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment. Adjust the carrying amount for: (1) accumulated gain or loss (change in fair value) on CNFIs attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133; and (2) any valuation allowances.

Do not include interest-only strips **in security form**. Report on SC150, Mortgage Derivative Securities, or SC185, Other Investment Securities, as appropriate.

In general, CNFIs are initially recorded at cost, which often approximates fair value. Subsequent to initial recording, CNFIs are measured at fair value, like investments in debt securities classified as available for sale or trading under FASB Statement No. 115. All CNFIs should be reported on either SI375 or SI385, depending on whether they are classified as held for trading or available-for-sale pursuant to FASB Statement No. 115.

SC660: Goodwill and Other Intangible Assets

Report the unamortized balance of goodwill and other intangible assets.

Include:

1. Goodwill, an unidentifiable intangible asset, recorded pursuant to APB No. 16 or FASB Statement No. 141.
2. The unidentifiable intangible asset recorded pursuant to FASB Statement No. 72.
3. Core deposit premium, an identifiable intangible asset.
4. Other identifiable intangible assets.

Do not include:

1. Servicing assets; report on SC642 and SC644.
2. Interest-only strip receivables and certain other instruments; report on SC655.
3. Organization costs. See AICPA SOP 98-5.

Goodwill, an unidentifiable intangible asset, arises in a purchase method business combination accounted for under APB No. 16 or FASB Statement No. 141. The amount initially recognized as goodwill is the excess of cost of the acquired entity over the net of the amounts (generally, fair value) assigned to tangible and identifiable intangible assets acquired and liabilities assumed.

The unidentifiable intangible asset recorded pursuant to FASB Statement No. 72 is **not** goodwill. FASB Statement No. 72 applies to certain acquisitions of depository institutions and branches of depository institutions. The amount initially recorded as the unidentifiable intangible asset is the excess of the fair value of the liabilities assumed over the fair value of the tangible and identifiable intangible assets acquired.

SC690: Other Assets

Report the total of assets not reported elsewhere on Schedule SC. You can find examples of the types of assets to be included in the memo items detailing other assets below.

Do not include:

1. Premiums on deposits and borrowed money that you purchased. Report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing.
2. Deferred credits, deferred income, that do not have a related asset. Report on SC796, Other Liabilities and Deferred Income.
3. Accounts with a material credit balance that are not contra-assets. Report on SC796, Other Liabilities and Deferred Income.
4. Identified core deposit intangibles. Report on SC660, Goodwill and Other Intangible Assets.

Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC690. You should select codes best describing these items from the list below and report them on SC691, 693, and 697; report the corresponding amounts on SC692, 694, and 698. You must complete this detail if you report an amount on SC690. You should combine similar accounts, for example, all prepaid expenses should be combined and reported as 07. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.

SC691, 693 and 697: Codes

- 01 Federal Home Loan Bank Stock.
- 02 Accrued Federal Home Loan Bank dividends.
- 03 Federal, state, or other taxes receivable, whether as the result of prepayment or net operating loss carrybacks.
- 04 Net deferred tax assets in accordance with FASB Statement No. 109.
- 05 Insured portion of real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency.
- 06 Prepaid deposit insurance premiums.
- 07 Prepaid expenses.
- 08 Deposits for utilities and other services.
- 09 Advances for loans serviced for others, including advances for taxes and insurance and advances to investors.
- 10 Property leased to others under an operating lease as provided in 12 CFR § 560.41, net of accumulated depreciation.
- 11 Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock.
- 12 Amounts receivable under interest rate swap agreements.

Include:

1. Deficiency payments, penalties.
2. Immaterial adjustments to correct prior period accruals for which the amendment cycle is no longer open.
3. Amortization of prepaid or deferred state, local and other income taxes.
4. Reductions for refunds from prior periods not previously reported.
5. Reductions for NOL carrybacks.
6. Gross receipts taxes.

Do not include:

1. Interest income and expense on tax accounts. Report these on SO491, Other Noninterest Income, or SO580, Other Noninterest Expense.
2. Any local taxes other than those based on income. Report real estate taxes on SO530, Office Occupancy and Equipment Expense; report franchise and other local taxes on SO580, Other Noninterest Expense.

SO81: INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND EFFECTS OF ACCOUNTING CHANGES

The EFS software will compute this line as the sum of SO60 less SO71.

SO811: EXTRAORDINARY ITEMS, NET OF TAX EFFECT, AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

Extraordinary Items:

Extraordinary items are material events and transactions that are unusual and infrequent. **Both of these conditions must exist for an event or transaction to be an extraordinary item.**

- **Unusual** – To be unusual, an event or transaction must be highly abnormal or clearly unrelated to the ordinary and typical activities of the association. An event or transaction beyond the control of management is not automatically considered unusual.
- **Infrequent** – To be infrequent, an event or transaction should not reasonably be expected to recur in the foreseeable future. Although the past occurrence of an event or transaction provides a basis for estimating the likelihood of its future occurrence, the absence of a past occurrence does not automatically imply that an event or transaction is infrequent.

Rarely do events or transactions qualify for treatment as extraordinary items. Among these are:

- The excess of fair value over cost of net assets acquired in a purchase business combination (negative goodwill) recognized in earnings at the date of combination;
- Losses that result directly from a major disaster such as an earthquake (except in areas where earthquakes are expected to recur in the foreseeable future);
- Gains or losses from a government expropriation; or
- Losses from a prohibition under a newly enacted law or regulation.

Do not include:

1. Adjustments to valuation allowances. Report these on SO32, Net Provision for Losses on Interest-Bearing Assets, or SO570, Net Provision for Losses on Noninterest-Bearing Assets, even if the actual loss occurred in a prior period.
2. Audit adjustments for corrections of accruals. For information on correcting prior period errors, see Item 5 in the General Instructions.
3. Adjustments for periods where the cycle is open for amendments to the TFR. Refer to the general instructions for the submission of amended reports.
4. Adjustments related to prior interim periods of your current fiscal year. Report these adjustments currently in the appropriate current income or expense data field.
5. Net income or loss allocable to minority shareholders. Report in SO491, Other Noninterest Income.
6. Gains and losses on extinguishments of debt that do not meet the criteria in APB Opinion No. 30 for classification as an extraordinary item.

Cumulative Effect of Changes in Accounting Principles:

The cumulative effect of changes in accounting principles is the amount resulting from changing from one **accepted** accounting principle to another **accepted** accounting principle. It does not include the cumulative effect of changing from an unaccepted accounting principle to a generally accepted accounting principle. This type of change is reported currently in the appropriate income or expense data field.

Report a loss as a negative amount.

SO91: NET INCOME (LOSS)

The EFS software will compute this line as the sum of SO81 plus SO811.

SCHEDULE PD – CONSOLIDATED PAST DUE AND NONACCRUAL

*Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

Report all loans and leases that you own that are contractually past due or are in nonaccrual status, regardless of whether such loans are held for sale or are secured, unsecured, or guaranteed by the Government or by others, with the exception of those noted below. Report the entire loan, not simply the amount of the delinquent payment. You should report the balance of the recorded investment after deducting **specific** valuation allowances. **Recorded investment** is the principal balance, adjusted for charge-offs and unamortized yield adjustments.

Do not include:

Delinquent FHA, FmHA, or VA 1-4 dwelling unit, residential mortgages in foreclosure status that you purchased from a Ginnie Mae pool (rather than continuing to make monthly advances on them) and that you service for others provided the process of reimbursement by FHA, FmHA, or VA is proceeding normally.

PAST DUE

1. Do not take grace periods into account when determining past due status.
2. Report loans and lease financing receivables as past due when **either interest or principal** is unpaid in the following circumstances:
 - a) **Amortizing closed-end** mortgage loans, closed-end nonmortgage installment loans, and any other loans and lease financing receivables with:
 - i) **Payments scheduled monthly** – when the borrower's interest and/or principal amount is past due thirty or more days (or one calendar month). For example, a loan payment is due March 15th. At March 31, the loan is not a full month past due, so it would not be reported in Schedule PD until after April 15th. On April 30 it would be 30 – 89 days past due.
 - ii) **Payments scheduled other than monthly** – when one scheduled payment of interest and/or principal is due and unpaid for 30 calendar days or more.
 - b) **Open-end loans** such as home equity loans, charge-card plans, check credit, and other revolving credit plans when the customer has not made the **minimum** payment for two or more billing cycles.

- c) **Single payment and demand notes** providing for the payment of interest at stated intervals (such as certain construction loans) after one interest payment is due and unpaid for 30 days or more.
- d) **Single payment notes** providing for the payment of interest at maturity if interest or principal remains unpaid for 30 days or more after maturity.
- e) **Unplanned overdrafts** if the account remains continuously overdrawn for 30 days or more.

You may use actual days as stated in the schedule headings in lieu of months when you calculate the past due period. The following example uses months to prepare Schedule PD. In this example, the payment is due on the first of the month and the first payment missed is the one due January first.

Payment Due Date	Payments Missed	Actual Days Overdue at Month-end	Complete Months Overdue at Month-end	PD Category at Month-end
Jan 1	(one)	30	0	Under 30 Days
Feb 1	(two)	58	1	30 - 89 Days
March 1	(three)	89	2	30 - 89 Days
April 1	(four)	119	3	90 Days or More

In the March TFR you would report this loan in the 30-to-89-day category.

Partial Payments for Amortizing Closed-end Loans:

When borrowers make partial payments, they get credit for the amount of payment they make, so the loan will generally not be reported as past due until two or more months of partial payments have been made.

For example:

If the payment due were \$100 and the borrower, due to a temporary condition, only paid \$25 a month, the loan would be \$75 past due at the end of the first month, \$150 past due the second month, and \$225 past due the third month.

If the loan were due on January 1, the loan would be \$75 past due on February 1 (and February 28), \$150 past due on March 1 (and March 31), and \$225 on April 1 (and April 30). On the March 31 TFR, the loan would be more than 30 days delinquent and would be reported as 30-89 days past due on Schedule PD.

Likewise, if the borrower paid \$50 a month, the loan would be \$50 past due on February 1 (and February 28), \$100 past due on March 1 (and March 31), and \$150 on April 1 (and April 30). Again, on the March 31 TFR, the loan would be 30 days delinquent and reported as 30-89 days past due.

SCHEDULE SI —SUPPLEMENTAL INFORMATION

*Throughout these instructions, **you** and **your** refers to the savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

DEPOSIT DATA

Total Broker-originated Deposits:

SI100: Fully Insured

Report brokered deposits included on SC710, Deposits, and received from brokers, dealers, or agents, including as-agent CDs, for the account of others where the individual account is equal to or less than \$100,000.

SI110: Other

Report brokered deposits included on SC710, Deposits, received from brokers, dealers, or agents, including As-Agent CDs, for the account of others where the individual account exceeds \$100,000.

Deposits with Balances:

The sum of SI165 and SI175 must equal SC710, Deposits.

SI165: \$100,000 or Less

Report deposits with current balances of \$100,000 or less. Include that portion of larger broker-originated deposits previously sold to investors in participating shares with current balances of \$100,000 or less.

SI175: Greater than \$100,000

Report deposits with current balances greater than \$100,000. Do not include that portion of larger broker-originated accounts previously sold to investors in participating shares of \$100,000 or less.

SI210: IRA and Keogh Accounts

Report IRA and Keogh accounts included in SC710, Deposits. Include other retirement accounts such as SEP accounts.

Do not include:

1. 401(k) accounts.
2. Accounts that, under applicable tax laws, are designed predominantly for uses other than retirement.

Number of Deposit Accounts with Balances:

Report the actual number of accounts for which balances are reported on SC710, Deposits. Do not report the outstanding balances. Report each investor participation in a larger broker-originated deposit as a separate account. Report the actual numbers. Do not round to thousands.

The sum of SI220 and SI230 must equal the total number of deposit accounts that you hold.

SI220: \$100,000 or Less**SI230: Greater than \$100,000****SI235: Uninsured Deposits**

Report the uninsured portion of all deposits in excess of insured limits pursuant to Section 141 of the FDIC Improvement Act, **FDICIA**.

You may not be able to precisely determine the amount of uninsured deposits due to the lack of information about interests by other parties in certain deposit accounts. However, you should diligently seek the best estimate of your uninsured deposits. You should derive the estimate from your existing information systems or personal knowledge of your depositor base.

Include:

1. Deposits collateralized by your assets that are in excess of deposit insurance limits, such as municipal deposits.
2. Deposits in excess of FDIC insurance limits even if you obtain private insurance.

SI237: Preferred Deposits

Report all deposits from states and political subdivisions in the U.S. included in SC710, Deposits, secured or collateralized as required under state law, pursuant to Section 141 of FDICIA.

Do not include:

1. Deposits of the U.S. Government secured or collateralized as required under federal law.

SI243: Demand Deposits

Report all demand deposits as defined in SI215 that you hold for consolidated subsidiaries. Do not report deposits that have been reported on SC710, SC783 or on SI215.

SI244: Time and Savings Deposits

Report all deposits that you hold for your consolidated subsidiaries excluding demand deposits reported on SI243. Do not report deposits that have been reported on SC710 or SC783. Also include the interest accrued and unpaid on such deposits and escrows. Do not report this accrued interest on SC763.

SI245: Adjustments to Deposits for Depository Institution Investment Contracts and Deposits in Foreign Offices, Edge and Agreement Subsidiaries, and IBFs (Including Accrued Interest)

Report the amount of liabilities arising under the following:

1. Report investment contracts reported as deposits in Schedule SC, but not treated as insured deposits as defined in Section 11(a)(8) of the Federal Deposit Insurance Act, FDI A. A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.
2. Deposits held either in branches outside of the territories and possessions of the United States or by an Edge or Agreement Subsidiary, or by an International Banking Facility, IBF, including any accrued interest.

Include these contracts and deposits in SC710, Deposits, for reporting purposes. The FDIC will deduct them from deposits on your deposit premium assessment. Also include the related accrued interest that you have reported on SC763, Accrued Interest Payable - Deposits.

Amount of assets netted against deposit and escrow liabilities in Schedule SC in accordance with generally accepted accounting principles that cannot be netted for purposes of calculating deposits in accordance with the Federal Deposit Insurance Act:

Generally accepted accounting principles, GAAP, permit savings associations to offset or net assets and liabilities when a right of setoff exists. However, under the Federal Deposit Insurance Act, FDI Act, you may only net certain specified assets against deposit liabilities for deposit insurance and FICO assessment purposes. Thus, deposits reported on the balance sheet, Schedule SC, and elsewhere in Schedule SI may be different than required for assessment purposes. For example, you may exclude hypothecated demand deposits from the deposit base for premium insurance assessment purposes.

Include as a negative number the amount by which demand deposits would be reduced if your reciprocal demand balances with domestic offices of U. S. Banks and savings associations and insured branches in Puerto Rico and U. S. territories and possessions that you reported on a gross basis in Schedule SC were shown on a net basis. For premium insurance assessment purposes, you may report such reciprocal balances on a net basis. Do not include overdrawn balances in this calculation.

Example 1:

A savings association has a \$200,000 asset and a \$500,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the asset and liability on its balance sheet, Schedule

SC, and reports a net \$300,000 deposit liability. The savings association should report \$200,000 on SI247 or SI248, depending on the type of deposit involved in the netting.

Example 2:

A savings association has a \$400,000 asset and a \$250,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the assets and liability on its balance sheet, Schedule SC, and reports a net \$150,000 asset. The savings association should report \$250,000 on SI247 or SI248, depending on the type of deposit involved in the netting.

SI247: Netted Against Demand Deposits (including escrows)

SI248: Netted Against Time and Savings Deposits (including escrows)

To be completed ONLY by associations with Oakar deposits:

Complete this section the first quarter in which you acquire Oakar deposits. You acquire Oakar deposits through purchase or merger deposits insured by a secondary fund – for example, a SAIF-insured savings association purchases BIF-insured deposits. Once you acquire Oakar deposits, you should complete this section in any quarter that you purchase or sell deposits, whether SAIF-insured or BIF-insured.

SI255: Total deposits purchased or acquired from other FDIC insured institutions during the quarter

SI265: Amount of purchased or acquired deposits reported in SI255 attributable to a secondary fund (i.e., SAIF members report deposits attributable to BIF; BIF members report deposits attributable to SAIF)

SI266: Total deposits sold or transferred during the quarter

OTHER DATA

SI370: Number of Full-time Equivalent Employees

Report the actual number of full-time equivalent employees employed by you and your consolidated subsidiaries. Report the actual whole number; do not round to thousands.

SI375: Assets Held in Trading Accounts

Trading assets are defined as securities and other assets acquired and held for sale in the near term. Trading generally reflects active and frequent buying and selling to generate profits on short-term price movements.

Trading assets may be any readily marketable asset, such as: government securities, mortgage pool securities, equity securities, bonds, notes, debentures, negotiable certificates of deposit, commercial paper, and bankers acceptances. You must classify as trading assets mortgage-backed securities that are held in conjunction with mortgage banking activities. Include amounts reported on SC655, Interest-Only Strip Receivables and Certain Other Instruments, that are classified as trading pursuant to FASB Statement No. 115.

Report all trading assets consistently at fair value whether or not the fair value is above or below cost. Recognize unrealized gains and losses on trading assets in current earnings on SO485, Net Income (Loss) from Trading Assets (Realized and Unrealized). Fair value adjustments to trading assets must directly adjust the asset balance; do not establish valuation allowances on trading assets. Record transfers from a trading classification to held-to-maturity at fair value at the time of transfer.

SI385: Available-for-Sale Securities

Report all investments in debt securities including mortgage securities not classified as held-to-maturity or as trading, and all investments in equity securities that have readily determinable fair values that are accounted for pursuant to FASB Statement No. 115 and are not classified as trading. Do not include equity securities whose sale is restricted by governmental or contractual requirement – for example, FHLB stock. Include amounts reported on SC655, Interest-Only Strip Receivables and Certain Other Instruments, that are not classified as trading pursuant to FASB Statement No. 115.

Report available-for-sale securities at fair value. Exclude unrealized gains and losses from current earnings and report, net of taxes, as a separate component of equity on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, until realized. In addition, report certain nonsecurity financial instruments, CNFIs, classified as available-for-sale pursuant to FASB Statement No. 115.

Transfer securities from the available-for-sale category to held-to-maturity at fair value as of the date of transfer.

SI387: Assets Held for Sale

Report all assets held for sale except securities and repossessed assets. Report assets held for sale at the lower of cost or market, LOCOM. Recognize unrealized losses in current earnings on SO465, Net Income (Loss) from LOCOM Adjustments Made to Assets Held for Sale.

Transfer assets from the "for sale" category to an investment account at the lower-of-cost-or-market as of the date of transfer.

Include:

1. Loans and participations originated or purchased by you with the intent to sell.

2. Assets originally held for investment but now held for sale.
3. Assets held for sale, including real estate and branch offices, whether or not there is an outstanding commitment to sell.

Do not include:

1. Securities, report on SI385.
2. Repossessed assets.

SI390: Loans Serviced for Others

Report the principal balance of mortgage and nonmortgage whole loans and participating interests in loans serviced by you, but owned by others.

Include:

1. Loans and securities that you sold to others but for which you perform the servicing.
2. Loans serviced by you for others, where the loans have been securitized, whether or not you own the securities and whether or not you have reported any servicing assets.
3. Loans serviced by you for others, where you have transferred the loans to others, but have not reported the transaction as a sale.
4. Loans and securities serviced by you under a contract to a third party who owns the servicing rights.

Do not include:

1. Loans and securities where you own the servicing rights and where the servicing has been subcontracted to a third party.
2. Loans and securities serviced for you by a consolidated subsidiary or a subsidiary depository institution.

RESIDUAL INTERESTS

Residual interests are defined in 12 CFR Part 567.1 as any balance sheet asset that represents an interest, including a beneficial interest, created by a transfer of financial assets that qualifies as a sale under GAAP and that exposes the institution to a credit risk that exceeds a pro rata share of the institution's claim on the transferred assets. The transfer of assets may be through securitization or otherwise; the credit risk may be directly or indirectly associated with the transferred assets; and the exposure to credit risk may be through either subordination provisions or other credit enhancement techniques.

This definition of residual interests is for regulatory reporting purposes, and, therefore, is **not** the same as **purchased or retained beneficial interests in securitized financial assets**, as that term is used in authoritative accounting literature.

Examples of residual interests include, but are **not** limited to, credit-enhancing interest-only strips defined below, spread accounts, cash collateral accounts, and retained subordinated interests.

SCHEDULE FS — FIDUCIARY AND RELATED SERVICES

*Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

Complete Schedule FS on a consolidated basis, including the fiduciary or related services of any significant, majority-owned operating subsidiaries or service corporations.

The information reported on FS310 through FS35, on fiduciary and related services income and FS710 through FS72 on fiduciary settlements, surcharges and other losses will not be made available to the public on an individual association basis. All other information on this schedule will be made available to the public.

The income and expense data reported on FS310 through FS35 and the fiduciary settlements, surcharges, and other losses reported on FS710 through FS72 must be reported for the **calendar year-to-date**.

FS110: DOES YOUR INSTITUTION HAVE FIDUCIARY POWERS?

Check **Yes** if OTS, a state, or another banking authority has granted you trust powers to administer accounts in a fiduciary capacity. You should check **Yes** if your significant, majority-owned subsidiaries have been granted trust powers by OTS, a state, or another banking authority. If you check **No**, you should not complete the remainder of this schedule. **Fiduciary capacity** generally includes acting as a trustee, executor, administrator, registrar of stocks and bonds, transfer agent, assignee, receiver, guardian or conservator of the estate of a minor or incompetent, investment adviser (if you receive a fee for your investment advice), any capacity in which you possess investment discretion on behalf of another, or any other similar capacity.

FS120: DOES YOUR INSTITUTION EXERCISE THE FIDUCIARY POWERS IT HAS BEEN GRANTED?

Check **Yes** if you exercise your fiduciary powers. Exercising fiduciary powers means that you serve in a fiduciary capacity as described in the instructions for FS110.

FS130: DOES YOUR INSTITUTION HAVE ANY FIDUCIARY OR RELATED ACTIVITY (IN THE FORM OF ASSETS OR ACCOUNTS) TO REPORT IN THIS SCHEDULE?

Check **Yes** if you have assets, accounts, or income from fiduciary or related services. You should check **No** if you have trust powers and **only** use those powers to provide services in connection with land trusts or if you act as a document custodian for mortgage-backed securities, such as those offered by Fannie Mae (FNMA), Freddie Mac (FHLMC), or Ginnie Mae (GNMA). If you have trust powers and provide land trust or document custodian services, along with other fiduciary or related services reportable on this schedule, you should **not** include your land trust or document custodian activities on this schedule. If you check **No**, do not complete the remainder of this schedule.

Reportable **related services** are those services that do not require trust powers but are related to fiduciary services. Specifically, this includes custodial services for assets held by you in a fiduciary capacity. You should report on this schedule fiduciary related services that are offered through your trust department, fiduciary business unit, or other distinct department or business unit that is devoted to the provision of fiduciary or related services. You should not include custodial services provided to retail bank accounts. Retail bank accounts may include brokerage accounts, escrow accounts that benefit third parties, safety deposit boxes, and other similar arrangements.

FILING REQUIREMENTS

If your answer to FS130 is **Yes**, complete the applicable items of Schedule FS as follows:

If your total fiduciary assets (items FS20 and FS21) are greater than \$250 million or for the preceding calendar year your gross fiduciary and related services income was greater than 10 percent of revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS30 **each quarter**;
2. Items FS391 through FS35 **annually** with the December report; and
3. Memorandum items FS410 through FS72 **annually** with the December report.

If your total fiduciary assets (items FS20 and FS21) are greater than \$100 million but less than or equal to \$250 million and for the preceding calendar year your gross fiduciary and related services income was **not** greater than 10 percent of revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS291 **each quarter**; and
2. FS310 through FS35 and all memorandum items, FS410 through FS72, **annually** with the December report.

If your total fiduciary assets (items FS20 and FS21) are \$100 million or less or for the preceding calendar year your gross fiduciary and related services income was not greater than 10 percent of revenue (net interest income plus noninterest income), you must complete:

1. Items FS210 through FS291 **each quarter**; and
2. Memorandum items FS410 through FS65 **annually** with the December report.

plans, and thrift-savings plans. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Report employee benefit accounts for which you are a custodian in FS280 and FS281.

FS230 Through FS233: Employee Benefit - Defined Benefit

Report the market value and number of accounts for all employee benefit, defined benefit plans for which you serve as trustee or in another fiduciary capacity. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Report employee benefit accounts for which you are a custodian in FS280 and FS281.

FS240 Through FS243: Other Retirement Accounts

Report the market value and number of accounts for all other retirement related accounts in which you serve as trustee or in another fiduciary capacity. Include self-directed Individual Retirement Accounts (Education IRAs and Roth IRAs) for which you are a trustee. Report employee benefit accounts for which you are a custodian in FS280 and FS281.

FS250 Through FS253: Corporate Trust and Agency Accounts

Report the market value and number of all your corporate trust accounts. Report assets for which you have the responsibility to manage or administer in accordance with the corporate trust agreement. Include assets of unrepresented bonds or coupons relating to issues that have been called or matured. Do not include the entire market value of the associated securities or the outstanding principal of associated debt issues. Include accounts where you are the trustee for corporate securities, tax-exempt and other municipal securities, and other debt securities including unit investment trusts. Also, include accounts for which you are the dividend or interest paying agent or any other type of corporate trustee or agent.

FS260 and FS262: Investment Management Agency Accounts

Report the market value and number of accounts for all investment management accounts that are administered by you. Investment management accounts are those for which you have investment discretion or provide investment advice for a fee although title to the assets remains with the client. Include accounts for which you serve as a sub-advisor. For each account include the market value of common trust fund units, collective investment fund (CIF) units, and shares of proprietary mutual funds (those funds where you, your subsidiaries, or your affiliates act as investment adviser to the fund) held by the account. Do not include common trust funds or collective investment funds operated by you as a separate account in FS262. When reporting a proprietary mutual fund in FS260 you must subtract from the value of the mutual fund as a whole, those shares held by fiduciary or custodial accounts that are already reported in this or other sections of Schedule FS. This will avoid duplicate reporting. Each mutual fund should be reported as a separate account in FS262. The different investment classes of a single mutual fund should be combined and reported as a single account.

FS270 Through FS273: Other Fiduciary Accounts

Report the market value and number of accounts for all other fiduciary accounts not reported in FS210 through FS262. Report custody and safekeeping accounts in FS280 and FS281.

FS20 THROUGH FS23: TOTAL FIDUCIARY ACCOUNTS

The EFS software will compute these lines as the sums of their respective columns, from FS210, FS211, FS212, and FS213 through FS270, FS271, FS272, and FS273.

FS280 and FS281: Custody and Safekeeping Accounts

Report the market value and the number of accounts for all individual and institutional custody and safekeeping accounts administered by you. Safekeeping and custody accounts are a type of account for which you perform custody or safekeeping services. In these accounts, you do not act in a fiduciary capacity, such as trustee, and you do not provide investment management or investment advice for a fee or have investment discretion. Safekeeping and custodial services may include holding assets, processing income and redemptions, recordkeeping, or customer reporting. For employee benefit custody or safekeeping accounts, the number of accounts you report should reflect the total number of plans administered rather than the number of plan participants. Include accounts in which you serve as a sub-custodian for another institution. For example, where you contract with another institution for custody services, both of you should report the accounts. **Do not** include accounts for which you provide document custodial services for Ginnie Mae, Fannie Mae, or other mortgage-backed securities. Also, **do not** include accounts for which you provide services to land trusts.

Include custody and safekeeping accounts that are administered by your trust department or other identifiable business unit area that focuses on offering custodial services to individual or institutional fiduciary clients. Do not include those custodial and safekeeping activities that are related to retail bank services such as safety deposit box assets or any other similar retail arrangement.

FS290 and FS291: Assets Included Above, Excluded for Purposes of the OTS Assessment Complexity Component

OTS imposes semiannual assessments on savings associations based on three components: the thrift's size, its condition, and the complexity of its portfolio. For savings associations that have trust powers, a complexity component is assessed for those associations that administer over \$1 billion in trust assets. This complexity component, broken into three different categories, is calculated by utilizing different line items of this schedule. There are situations where OTS requires savings associations to report certain assets on a line item in Schedule FS that will not be included for assessment purposes. Therefore, the purpose of FS290 and FS291 is to exclude certain assets for OTS assessment purposes.

Report on FS290 those assets of proprietary mutual funds that are reported as a separate account in FS260 and FS262. Do not include in FS290 those shares of the proprietary mutual fund held by fiduciary or custodial accounts that are reported in other sections of Schedule FS. At this time, FS291 should remain blank.

**FIDUCIARY AND RELATED SERVICES INCOME
(CALENDAR YEAR-TO-DATE)**

Report fiduciary and related services income and expense for the **calendar year-to-date**. The following income categories correspond to the asset categories described in FS210 through FS281. Report income and expense on an accrual basis. You may report both income and expense on a cash basis **only** if the results would not materially differ from those obtained using an accrual basis. The information reported on FS310 through FS35 will not be made available to the public on an individual association basis.

Note: Do not consolidate subsidiaries with investments fully covered by the FDIC. Include all FDIC-covered assets in the zero percent risk-weight category, and report them on CCR410, FDIC Covered Assets.

These instructions deal with investments in **mutual funds** and certain asset pools based on the characteristics of the assets in the fund. Where the mutual fund holds various assets that have different risk weights under the capital requirement, risk weight the entire ownership interest in the mutual fund based on the category of the asset with the highest capital requirement – highest risk weight or subject to deduction. On a case-by-case basis, OTS may allow you to assign the portfolio proportionately to the various risk-weight categories based on the proportion of the risk-weight categories represented in the mutual fund. See 12 CFR § 567.6(a)(1)(vi)(C).

Lower-tier subsidiary: Subsidiaries where you do not directly hold an ownership interest. Rather, your service corporation or operating subsidiary directly or indirectly holds the ownership interest.

TIER 1 (CORE) CAPITAL REQUIREMENT

CALCULATION OF CORE (TIER 1) CAPITAL

CCR100: Equity Capital

The EFS software generates this line from SC80, Total Equity Capital. This is GAAP equity capital.

Explanatory Note:

Schedule CCR adjusts Equity Capital, CCR100 in calculating Tier 1 (core) capital according to the OTS capital rule. For example, the OTS capital rule does not include cumulative perpetual preferred stock in Tier 1 (core) capital. Furthermore, the OTS capital rule requires you to deduct debt and equity investments in nonincludable subsidiaries and certain other assets from total assets and equity capital in computing Tier 1 (core) capital. In addition, OTS's capital rule reverses the adjustment to GAAP equity for unrealized gains and losses on available-for-sale (AFS) debt securities included in SC860 in computing Tier 1 (core) capital. However, you report marketable **equity** securities at the lower of cost or market for Tier 1 (core) capital purposes.

Deduct:

CCR105: Investments in and Advances to Nonincludable Subsidiaries

Reduce Tier 1 (core) capital by your investment in, advances to, and guaranteed obligations of certain nonincludable subsidiaries. The general instructions to Schedule CCR define subsidiary.

In consolidation, you eliminate the investment and intercompany loan accounts of subsidiaries on Schedule SC. Therefore, you must obtain the amount of the investment and advances from your books before consolidation. Calculate the investment using the equity method as prescribed by GAAP plus any loans, advances, guaranteed obligations, or other extensions of credit, whether secured or unsecured. Use negative investments to offset loans, guaranteed obligations, or advances to the same subsidiary, but do not reduce this line below zero. If you have a nonincludable subsidiary and the result on this line rounds to zero or is a negative amount, report a one to indicate that you have reported your nonincludable subsidiary.

Note: Report investments in subsidiaries and equity investments where the FDIC fully covers the investments on CCR410, zero percent risk weight: FDIC Covered Assets. This rule applies to your investment regardless of the business activity of such entity.

Nonincludable Subsidiaries

Section 5(f) of HOLA [12 USC 1464(t)(5)(A)] defines nonincludable subsidiaries as subsidiaries of a savings association that engage in activities impermissible for a national bank with the following exceptions:

1. Subsidiaries only engaged in impermissible activities as an agent for its customers where the subsidiary has no risk of loss.
2. Subsidiaries engaged solely in mortgage banking activities.
3. Insured depository institutions acquired as subsidiaries before May 1, 1989.
4. Subsidiaries of federal savings associations that existed on August 8, 1989, and were chartered before October 15, 1982, as a savings bank or cooperative bank under state law.
5. Subsidiaries of federal savings associations that existed on August 8, 1989, that acquired their principal assets from a savings association chartered before October 15, 1982, as a savings bank or cooperative bank under state law.

Generally, a subsidiary of a savings association is nonincludable if any of its unconsolidated assets are impermissible for a national bank. If any **lower-tier subsidiary** engages in impermissible activities or invests in an entity that engages in impermissible activities, but the first-tier subsidiary owned by the parent savings association does not directly engage in impermissible activities, the first-tier subsidiary is an **includable** subsidiary. Deduct only subsidiary's investment in the nonincludable lower-tier subsidiary in computing the capital of the upper-tier subsidiary on an unconsolidated basis and in computing your consolidated capital. Deduct from total capital, equity investments of subsidiaries in lower-tier subordinate organizations that are not considered subsidiaries, if those equity investments are not permissible for national banks.

Fully deduct all nonincludable subsidiaries from capital.

You should report investments in and advances to nonincludable subsidiaries net of all general valuation allowances, specific valuation allowances, and charge-offs, as they have already reduced equity capital.

CCR115: Goodwill and Other Intangible Assets

The EFS software will generate this line from SC660, Goodwill and Other Intangible Assets. For most savings associations, this line will equal SC660. However, you may change this amount in certain cases. For example: for purposes of regulatory capital only, you may reduce the amount of core deposit premiums and certain other intangible assets that you acquired in a nontaxable business combination by any corresponding deferred tax liabilities.

Report this as a positive amount. The EFS software will deduct this line from equity capital in calculating Tier 1 (core) capital.

Include:

1. Core deposit intangible assets, CDIs.
2. Purchased credit card relationships, PCCRs.

Do not include:

1. Servicing assets.

ASSETS

TERMS USED IN THE ASSETS SECTION

Dwelling Unit: A dwelling unit is a unified combination of rooms, whether existing or under construction, designed for residence by one family. This classification does not change because of incidental use for business purposes.

Single Family Mortgages: Single-family mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They may be secured by any of the following types of properties:

1. One-family dwellings in detached or semi-detached structures.
2. Individual permanently financed units in a condominium, cooperative, or timesharing arrangement where the owner of each unit has an undivided proportional interest in the underlying real estate and common elements of the structure.
3. Structures consisting of two- to four-dwelling units.

Multifamily Mortgages: Multifamily mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They are secured by residential property containing five or more dwelling units and include the following types of properties:

1. Mortgages on fraternity or sorority houses offering sleeping accommodations.
2. Living accommodations for students or staff of a college or hospital.
3. Retirement homes with sleeping and eating accommodations that are not condominiums or cooperatives.

In these cases, the number of bedrooms determines the number of dwelling units.

Nonresidential Mortgages: Nonresidential mortgages include all permanent loans and combination construction-permanent loans where the permanent financing interest rate has already been set. They are secured by properties not covered by the definition of single-family dwelling units, multifamily dwelling units, or land loans. This category includes the following types of properties regardless of the incidental use of the property as a dwelling unit:

1. Mobile home parks.
2. Hospitals.
3. Nursing homes.
4. Churches.
5. Stores.
6. Other commercial property.
7. Properties used for farming.

Construction and Land Loans: Construction and land loans include land loans and the funded portion of construction loans as a single balance. This category includes most loans classified as construction or land loans in Schedule SC including the following types of properties:

1. Loans to acquire and develop land.
2. Loans for developed building lots.

3. Loans for unimproved land.
4. Construction loans secured by single-family, multifamily, or nonresidential properties.
5. Loans to developers secured by land where the developer is constructing any of these properties.

Construction and land loans do not include combination construction-permanent mortgages on any type of property where the permanent financial interest rate has already been set; include such loans with permanent mortgages in the relevant category.

Nonperforming Loans: Nonperforming loans are nonaccrual loans and loans that are still accruing interest and are at least 90 days past due, or an equivalent number of cycles – see the instructions for Schedule PD.

Teaser ARMs: Teaser ARMs are adjustable rate mortgages originated at introductory rates below the fully indexed rate, teaser rates, and that remain at their introductory rates – that is, they have not reset.

Balloon Mortgages: Fixed-rate balloon mortgages are fixed-rate mortgages with a remaining maturity at least ten years shorter than the remaining time to full amortization. For example, a fixed-rate mortgage that matures in four years and that would require 14 years to amortize fully is a balloon mortgage.

Call Loans: Call loans are extensions of credit where the lender may require repayment of outstanding principal on one or more contractually specified call dates, irrespective of any contractual maturity date. Lenders often refinance, or roll over, such loans under new terms, upon mutual agreement of lender and borrower.

Pass-through securities: Pass-through securities are securities that convey ownership of a fractional part of each asset in a pool of assets backing the security. The issuer collects principal and interest payments generated by the underlying pool of assets and passes the payments through to each security owner based on their share of ownership.

Pay-through securities: Pay-through securities represent secured debt of the issuer. They give an investor a security interest in, but not ownership of, the underlying assets. You should consider any asset-backed security that does not meet the definition of pass-through securities above, to be a pay-through security.

FIXED-RATE, SINGLE-FAMILY, FIRST MORTGAGE LOANS AND MORTGAGE-BACKED SECURITIES

Report requested information about performing, fixed-rate, first mortgage, single-family loans, participations in such loans, and pass-through securities backed by such loans.

Include:

1. Fixed-rate fully amortizing mortgages.
2. Fixed-rate balloon payment mortgages.
3. Mortgages with a single rate adjustment. For instance, those that would qualify for the FNMA Two-Step Mortgage program.
4. Mortgages with interest rates that adjust less often than every five years.
5. Mortgages with coupons that were adjustable in the past, but where the coupon will remain fixed for the remaining maturity.
6. Mortgages with rates that change over time by prespecified steps. For instance, a 2/1 buydown with rates scheduled to be seven percent in year one, eight percent in year two, and 9 percent thereafter.
7. Some call mortgages, as described below.

8. Combination construction-permanent mortgages for single-family dwellings where the permanent financing interest rate has already been set.

Do not include:

1. Nonperforming mortgages. Report on CMR501.
2. Mortgage warehouse loans, loans collateralized by mortgage loans rather than liens directly on real estate. Report as commercial loans on CMR326.
3. Mortgages you service for others. Report in the section dealing with mortgage servicing rights, CMR401 through CMR450.
4. Second mortgages, secured home improvement loans, or home equity loans, regardless of whether you also hold the first lien or whether there is a first lien. Report as second mortgages on CMR312.

We collect all information described below according to coupon range and type of loan or security.

Coupon Range: Divide mortgages into the following coupon categories:

1. Less than 5 percent.
2. 5 to 5.99 percent.
3. 6 to 6.99 percent.
4. 7 to 7.99 percent.
5. 8 percent and greater.

Report each mortgage **loan** and participation in the coupon range that corresponds to its contract rate. For loans serviced by others, be careful to report according to the contract rate of the loans. Do not subtract the servicing fee.

Report each mortgage **security** in the coupon range that corresponds to the pass-through rate of the security. For example, you should report a FNMA security with a pass-through rate of 6.5 percent and where the collateral has a WAC of 7.25 percent in the 6 to 6.99 percent coupon column.

Within each coupon range, divide mortgages into the following broad groups:

1. Thirty-year mortgage loans.
2. Securities backed by 30-year conventional mortgages.
3. Securities backed by 30-year FHA or VA mortgages.
4. Fifteen-year mortgages and mortgage securities.
5. Balloon mortgages and mortgage securities.

Information requested for the five groups differs somewhat; however, the following general information applies, unless the instructions state differently.

1. Wherever there is a request for a balance use the following guidelines:
 - a. Report the outstanding principal balance, not the carrying value, of mortgage loans.
 - b. Report the pro rata share of the outstanding principal balance of participations in mortgages.
 - c. Report the outstanding principal balance of mortgage securities.
2. Wherever we request a WARM, refer to the calculation of the WARM in the general instructions to Schedule CMR.
3. Wherever we request a weighted average WAC, refer to the calculation of the WAC in the general instructions to Schedule CMR.

4. Wherever we request a weighted-average pass-through rate, refer to the calculation of the weighted-average pass-through rate in the general instructions to Schedule CMR.

A detailed description of the information to report for each group follows.

Thirty-year Mortgages and MBS

CMR001 Through CMR020: Mortgage Loans

Include all fully amortizing mortgage loans and participations in fully amortizing mortgage loans with an original maturity of at least 25 years. Include combination construction-permanent mortgages that have fixed rates for the entire term of the loan. Do not report mortgage loans with a biweekly payment feature.

Report outstanding balances, by coupon range, on CMR001 through CMR005. For each balance, report the WARM and the WAC on the corresponding column of CMR006 through CMR010 and CMR011 through CMR015, respectively. Of the loan balances on CMR001 through CMR005, report the amount of each that is FHA or VA guaranteed on CMR016 through CMR020, as appropriate.

CMR026 Through CMR040: Securities Backed by Conventional Mortgages

Include FHLMC, FNMA, and privately issued mortgage securities backed by fully amortizing mortgage loans with original maturity of at least 25 years. Do not report mortgage loans with a biweekly payment feature.

Report the outstanding balances of securities on CMR026 through CMR030 according to the coupon rates of the securities. For each balance, report the WARM on CMR031 through CMR035, and report the weighted-average pass-through rate corresponding to each balance on CMR036 through CMR040.

CMR046 Through CMR060: Securities Backed by FHA or VA Mortgages

Include all GNMA and other mortgage securities backed by fully amortizing FHA and VA mortgage loans with an original maturity of at least 25 years. Do not report mortgage loans with a biweekly payment feature.

On CMR046 through CMR050 report, by coupon range, outstanding balances of these mortgage securities. For each balance entered CMR046 through CMR050, report the WARM on CMR051 through CMR055 and the weighted-average pass-through rate on CMR056 through CMR060.

CMR066 Through CMR090: Fifteen-year Mortgages and MBS

Include all fully amortizing mortgage loans with an original maturity of less than 25 years. Include participations in such loans, and mortgage securities backed by such loans. Include biweekly payment mortgages having an original maturity of 25 years or more. Include combination construction-permanent mortgages that have fixed rates for the entire term of the loan.

On CMR066 through CMR070 report, by coupon range, the outstanding principal balances of such mortgage loans and participations. On CMR071 through CMR075, report the WAC of each balance reported on CMR066 through CMR070. Report the outstanding principal balance of mortgage securities backed by loans of this type, by coupon range, on CMR076 through CMR080.

Place security balances into the coupon range corresponding to the pass-through rate of the security. Report the weighted-average pass-through rate of the securities on CMR081 through CMR085. Report on CMR086 through CMR090, by coupon range, the WARM of the loans and securities reported in each coupon range.

CMR125: Total Fixed-Rate, Single-Family, First Mortgage Loans and Mortgage-Backed Securities

The EFS software computes this line as the sum of: CMR001 through CMR005, CMR026 through CMR030, CMR046 through CMR050, CMR066 through CMR070, CMR076 through CMR080, CMR096 through CMR100, and CMR106 through CMR110.

ADJUSTABLE-RATE, SINGLE-FAMILY, FIRST MORTGAGE LOANS AND MORTGAGE-BACKED SECURITIES

Report requested information about performing adjustable-rate, single-family, first mortgage loans – ARMs, participations in such loans, and pass-through securities backed by such loans.

Include:

1. Adjustable-rate fully amortizing mortgages.
2. Adjustable-rate balloon payment mortgages.
3. Fixed-rate mortgages subject to call at contractually set intervals of at most every five years.
4. ARMs that you own, but do not service.
5. Combination construction-permanent mortgages for single-family dwellings with interest rates meeting any of the above criteria, even if construction is not complete.

Do not include the following types of mortgages. Report instead with fixed-rate mortgages on CMR001 through CMR125:

1. Mortgages with a single rate adjustment. For instance, those that would qualify for the FNMA Two-Step Mortgage program.
2. Mortgages with interest rates that adjust less often than every five years.
3. Mortgages with coupons that were adjustable in the past, but that do not have any further rate adjustments scheduled during their remaining term.
4. Mortgages with rates that change over time by prespecified steps. For example, a 2/1 Buydown with rates scheduled to be 7 percent in year one, 8 percent in year two, and 9 percent thereafter.

Also, **do not include:**

1. Nonperforming mortgages. Report on CMR501.
2. Mortgage warehouse loans (loans collateralized by mortgage loans rather than liens directly on real estate). Report as commercial loans on CMR325.
3. Mortgages you service for others. Report in the section dealing with mortgage servicing rights, CMR401 through CMR450.
4. Second mortgages, even when you hold both the first and second liens. Report as second mortgages on CMR311.

Group mortgages according to type of index – current market or lagging market – and frequency of coupon reset, as described below. Report ARMs originated at introductory rates below the fully indexed rate, teaser rates, and that remain at their introductory rates – have not yet reset – separately on CMR141 through CMR150, and are not reported with other ARMs on CMR156 through CMR215. Do not distinguish between convertible and nonconvertible ARMs.

Current Market Index ARMs

ARMs with indices that adjust quickly to changes in market interest rates are current market index ARMs. Examples of current market indices include the following:

1. Rates on Treasury securities.

2. Prime rate.
3. London Interbank Offered Rate (LIBOR).
4. FHLB advance rate.
5. FHLMC sixty-day rate.

Indices that adjust to changes in market interest rates less quickly are lagging market indices. We group ARMs using such indices separately. See Lagging Market Index ARMs below.

Divide current market index ARMs into three groups based on the frequency that their coupons reset. Group ARM securities according to the frequency that their underlying loans reset, not on the coupon reset frequency of the security. Report current market index ARMs with coupons that reset as follows:

1. Every six months or less — report in the Current Market Index column **6 Mo. or Less**.
2. Less frequently than semiannually, but at least every two years — report in the Current Market Index column **7 Mo. to 2 Yrs.**
3. Less often than every two years, but at least every five years — report in the **2+ Yrs. to 5 Yrs.** column.

Report ARMs with a reset frequency greater than five years with Fixed-Rate Balloon Mortgages. See instructions above.

Group ARMs that have irregular adjustment periods according to the remaining time until the loan will begin accruing at a new rate. For example, you would report an ARM with a rate that will reset for the first time after 36 months and then annually thereafter in the **2+ Yrs. to 5 Yrs.** column during the first 12 months of its life, and in the **7 Mo. to 2 Yrs.** column thereafter.

Lagging Market Index ARMs

ARMs with indices that adjust to changes in market interest rates less quickly than current market indices are lagging market index ARMs. Examples of lagging indices include the following:

1. Cost of funds (COF) indices. For instance, FHLB 11th District COF Index, Federal COF Index.
2. National Average Contract Rate for the Purchase of Previously Occupied Homes.
3. Indices that are more than three months old. For instance, a rate adjustment based on the one-year Constant Maturity Treasury (CMT) yield six months before the adjustment date.
4. Indices based on portfolio rates, rather than current offered rates.
5. Rolling averages of indices using an index within the average that is more than three months old.

Divide information about lagging index ARMs into two groups based on the frequency that their accrual rates reset. Group ARM securities based on the frequency that their underlying loans reset not the coupon-reset frequency of the security. Report lagging market index ARMs with accrual rates that reset as follows:

1. Monthly or less — report in the Lagging Market Index column — **1 Month**.
2. Less often than monthly, but at least every five years — report in the Lagging Market Index column — **2 Mo. to 5 Yrs.**

MEMO: FIXED-RATE, FIXED-MATURITY DEPOSIT DETAIL:**CMR650 through CMR652: Balances in Brokered Deposits**

For the total CD balances reported in each original maturity column, determine the portion that are brokered deposits. Report these balances for each original maturity. The term brokered deposit, defined in 12 CFR § 337.6, refers to funds obtained, directly or indirectly, by or through any deposit broker.

Example: You report \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the three balances, \$50,000, \$25,000, and \$35,000, respectively, are in brokered accounts. You would report \$110,000 (= \$50,000 + \$25,000 + \$35,000) on CMR651.

Deposits with Early-withdrawal Penalties Stated in Terms of Months of Forgone Interest:**CMR653 through CMR655: Balances Subject to Penalty**

For the balances reported in each original maturity column, determine the portion subject to early withdrawal penalties (EWP) stated in months of forgone interest. Report these balances for each original maturity column. Do not include CDs having EWP stated differently (flat penalty, market-related penalty).

Example: You report \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the \$125,000 balance, \$100,000 are CDs with an EWP of 1.12 month's interest. Of the \$225,000 and \$250,000 balances, a total of \$450,000 are CDs with an EWP requiring forfeiture of 1.98 months' interest. You would report \$550,000 (= \$100,000 + \$450,000) on CMR654.

CMR656 through CMR658: Penalty in Months of Forgone Interest

For the balances reported in each original maturity column, and totaled on CMR653 through CMR655, report the weighted-average EWP in months of foregone interest for each year (or fraction of a year) of contractual maturity. Report to two decimal places. Report these for each original maturity column.

Example: You report \$125,000 on CMR602, \$225,000 on CMR616, and \$250,000 on CMR631. Of the \$125,000 balance, \$100,000 are CDs with an EWP of 1.12 month's interest.¹ Both the \$225,000 and \$250,000 aggregate balances are CDs with an EWP requiring forfeiture of 1.98 months' interest. You would calculate the weighted-average EWP on CMR657 as follows:

$$\begin{aligned} \text{EWP} &= \frac{(100,000 \times 1.12) + (475,000 \times 1.98)}{(100,000 + 475,000)} \\ &= 1.83 \text{ months} \end{aligned}$$

CMR659 through CMR661: Balances in New Accounts

New accounts are those where a customer, who did not previously have a fixed-rate, fixed-maturity deposit, acquires one, or where the contract terms have changed on an existing account. For purposes of CMR, a **new account** where the contract terms have changed is one in which:

- There has been a change in the name of the account (including additional or dropped owners), or

¹ The early withdrawal penalties are in months of forgone interest for each year (or fraction of a year) of remaining maturity.

$$\text{EWP} = \frac{(\text{Penalty in \$})}{(\$ \text{ Interest paid over remaining maturity})} \times 12 \text{ months per year}$$

- The maturity of the new CD is for a different term than the matured CD (that is, it would fall into a different maturity bucket).

For rollovers, if there has been no change in the ownership of the account and the maturity of the new CD is within the same maturity bucket, the new CD is **not** considered a **new account** even if new funds are added to the CD.

For example, a three-month CD issued during the quarter would **not** be a **new account** if the account holder had a CD with original maturity of 12 months or less that matured during the quarter. A CD would be a **new account** if it were a 3-month CD rolled over from a CD with an original maturity of more than 12 months or if a three-month CD were rolled over to a 24-month CD. In both of these cases the maturity bucket has changed.

Also include as new accounts:

1. Accounts where there has been a name added or deleted.
2. Deposits acquired from an acquisition of a depository institution or its branches or from other bulk purchase of deposits.

On CMR659, report the portion of balances on CMR601 and CMR615 that are new CD balances with r less.

On CMR660, report the portion of balances on CMR616 and CMR631 that are new CD balances with

- On CMR661, report the portion of balances on CMR632 and CMR641 that are new CD balances with original maturities of

-Rate, Fixed Maturity FHLB Advances, Other Borrowings, Redeemable Preferred Stock, and Subordinated Debt

CMR675-CMR677, CMR679-CMR681, CMR683-CMR685, CMR687-CMR689, CMR691-CMR693, CMR695-CMR697, CMR699-CMR701, CMR703-CMR705: Balances

Report each outstanding balance of fixed-rate, fixed-maturity borrowings in the cell corresponding to its coupon class and remaining maturity. The coupon classes are: under 3.00%; 3.00% to 3.99%; 4.00% to 4.99%; 5.00% to 5.99%; 6.00% to 6.99%; 7.00% to 7.99%; 8.00% to 8.99%; and 9.00% and above.

Include:

1. FHLB advances.
2. Commercial bank loans.
3. Repurchase agreements.
4. Retail repurchase agreements.
5. Commercial paper issued.
6. Subordinated debt.
7. Redeemable preferred stock.
8. All other borrowings.

Do not include:

1. Notice accounts. Report on CMR601 to CMR661.
2. Consecutive monthly payments accounts. Report on CMR601 to CMR661.
3. Collateralized mortgage securities issued. Report on CMR785.

CMR787: Miscellaneous Liabilities II

Report amounts of the types included on line SC790, Deferred Income Taxes. Also include financial option fees received, negative goodwill, and derivative instruments in a loss position at fair value. For definitions of these items, see the instructions for line SC796, code numbers 02, 03, 12, and 20, respectively.

CMR790: Total Liabilities (Incl. Redeemable Preferred Stock)

The EFS software automatically computes this line as the sum of CMR645, CMR715, CMR781, and CMR782 through CMR787. For all editing and output data uses, our data systems will add the following balances to this line:

1. Variable-rate, fixed-maturity liabilities reported as codes 200, 220, and 299 in **Supplemental Reporting for Assets and Liabilities**.
2. Structured borrowings reported as codes 280 through 290 in **Supplemental Reporting of Market Value Estimates**.

CMR793: MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES

Report amounts accounted for as minority interest in consolidated subsidiaries and included in SC799, with the following exceptions:

- Also include on CMR793, REIT preferred stock even if it is not included in SC799, but rather you have elected to report it as a liability on SC760, Other Borrowings.
- Do not include redeemable preferred stock even though you reported it in SC799. Report all redeemable preferred stock on CMR755, Book Value of Redeemable Preferred Stock.

CMR796: EQUITY CAPITAL

Report on CMR796 the amount on SC80, Total Equity Capital.

CMR800: Total Liabilities, Minority Interest, and Capital

The EFS software automatically computes this line as the sum of CMR790, CMR793, and CMR796. For all editing and output data uses, our data systems will add the following balances to this line:

1. Variable-Rate, Fixed-Maturity Liabilities reported as codes 200, 220, and 299 in the section for Supplemental Reporting for Assets/Liabilities.
2. Structured Borrowings reported as codes 280 through 290 in the section for Supplemental Reporting of Market Value Estimates.

FINANCIAL DERIVATIVES AND OFF-BALANCE-SHEET POSITIONS

INTRODUCTION

Divide financial derivatives and off-balance-sheet (OBS) contracts into the following ten general types of contracts for reporting on Schedule CMR:

1. Optional commitments to originate mortgages.
2. Firm commitments to purchase, sell, or originate mortgages.
3. Optional commitments to purchase or sell mortgages.
4. Commitments to purchase, originate, or sell nonmortgage financial assets and liabilities.
5. Interest-rate swaps.
6. Interest-rate caps.
7. Interest-rate floors.
8. Futures.
9. Options on futures.
10. Construction LIP.

Note: Report information about financial derivatives and OBS contracts on Schedule CMR even though under FASB Statement No. 133 you report derivative instruments in Schedule SC on SC690, Other Assets, or SC796, Other Liabilities.

Report OBS contract positions on CMR801 through CMR880. To report an OBS contract position, report the contract code described below that corresponds to the position in the column *Contract Code*. Enter the notional principal amount of the position in the column *Notional Amount*. Report information in the other columns according to the instructions for each type of contract. We provide examples of how to report various positions for each type of contract in the individual sections.

Reporting More Than 16 Financial Derivatives and OBS Positions

CMR801 through CMR880 accommodate the reporting of 16 financial derivatives and OBS positions. If you have more than 16 positions, you must report the remaining positions by one of the following two methods:

1. Report the remaining positions on the continuation sheet *Supplemental Reporting for Financial Derivatives and Off-Balance-Sheet Positions* in the same manner as the initial 16 positions. Number each position sequentially in the column *Entry #*, beginning with the number 1 for the first position reported. Use as many continuation sheets as necessary to report the remaining positions. On CMR902, report the number lines that you report in this manner.
2. You may provide your own estimate of the market values of the remaining positions in each of the seven interest-rate scenarios on *Supplemental Reporting of Market Value Estimates*. To report under this method, see *Supplemental Reporting for Derivatives and OBS Contracts* in the section *Supplemental Reporting of Market Value Estimates*. On CMR903, report the number of lines that you report by this method.